



Farmers Savings Bank

SBA Paycheck Protection Program Information and Checklist

Getting Started – Determine Eligibility

1. Determine Eligibility:

- a. Do I have less than 500 Employees whose principal place of residence is in the United States or am I a business that operates in a certain industry and meet the applicable SBA employee based side standards for that industry? AND...
- b. A small business as defined in section 3 of the Small Business Act (15 USC 632)
- c. A Tax-Exempt nonprofit organization described in section 501(c)(3), a tax-exempt veterans organization as described in section 501(c)(19), a tribal business concern described in section 31(b)(2)(c) of the Small Business Act
- d. You were in operation on February 15, 2020 and had either employees for whom you paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-Misc.
- e. Starting 2/10/2020 you are also eligible if you are an individual who operates under a sole proprietorship or as an independent contractor or eligible self-employed individual, you were in operation on February 15, 2020

Reasons for Ineligibility

- a. You are engaged in any activity that is illegal under federal, state, or local law.
- b. You are a household employer (individuals who employ household employees such as nannies or housekeepers).
- c. An owner of 20 percent or more of the equity of the applicant is incarcerated, on probation, on parole; presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or has been convicted of a felony within the last five years.
- d. You, or any business owned or controlled by you or any of your owners, has ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted within the last seven years and caused a loss to the government.

I have determined I am eligible. How much can I borrow?

1. Under the PPP, the maximum loan amount is the lesser of \$10 million or an amount that you will calculate using a payroll-based formula specified in the Act, as explained below.
2. How do I calculate the maximum amount I can borrow?
 - a. Aggregate payroll costs (payroll costs are explained below) from the last twelve months for employees whose principal place of residence is the United States.
 - b. Subtract any compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100,000 per year.
 - c. Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
 - d. Multiply the average monthly payroll costs from Step 3 by 2.5.
 - e. Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan (because it does not have to be repaid).

3. What qualifies as payroll costs?

Payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

4. What payroll costs should be excluded?

- a. Any compensation of an employee whose principal place of residence is outside of the United States;
- b. The compensation of an individual employee in excess of an annual salary of \$100,000, prorated as necessary;

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- c. Federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020, including the employee's and employer's share of FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes, and income taxes required to be withheld from employees;
 - d. And Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127)
5. Do independent contractors count as employees for loan calculations?

No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of a borrower's PPP loan calculation

What are my loan terms?

- 1. The interest rate will be 100 basis points or one percent.
- 2. The maturity is two years.
- 3. Loan payments are deferred for six months following the date of disbursement of the loan. However, interest will continue to accrue on PPP loans during this six-month deferment.
- 4. No loan fees.
- 5. No collateral will be required.
- 6. No personal guarantees will be required.

Additional Loan & Forgiveness Details

- 1. Can I apply for more than one PPP loan?
No.
- 2. Is the PPP "first-come, first-served?"
Yes.
- 3. How much money is available?
\$349,000,000,000.00
- 4. Can my PPP loan be forgiven in whole or in part?

Yes. The amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest. That is, the borrower will not be responsible for any loan payment if the borrower uses all of the loan proceeds for forgivable purposes described below and employee and compensation levels are maintained. The actual amount of loan forgiveness will depend, in part, on the total amount of payroll costs, payments of interest on mortgage obligations incurred before February 15, 2020, rent payments on leases dated before February 15, 2020, and utility payments under service agreements dated before February 15, 2020, over the eight-week period following the date of the loan. However, not more than 25 percent of the loan forgiveness amount may be attributable to non-payroll costs. SBA will issue additional guidance on loan forgiveness.

How can my PPP loan funds be used?

1. Payroll costs,
2. Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums,
3. Mortgage interest payments,
4. Rent payments,
5. Utility payments,
6. Interest payments on any other debt obligations that were incurred before February 15, 2020
7. Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020.

Note: At least 75 percent of the PPP loan proceeds shall be used for payroll costs.

What happens if PPP loan funds are misused?

If you use PPP funds for unauthorized purposes, SBA will direct you to repay those amounts. If you knowingly use the funds for unauthorized purposes, you will be subject to additional liability such as charges for fraud. If one of your shareholders, members, or partners uses PPP funds for unauthorized purposes, SBA will have recourse against the shareholder, member, or partner for the unauthorized use.

What information does FSB need to submit my application?

- 1.** Visit FSB COVID-19 Resource page to get an **application**. Complete and sign copy of the SBA Paycheck Protection Program Borrower Application Form (OMB Control No: 3245-0407). We will need an original “wet” signature on file prior to loan closing.
- 2.** Submit copies of **payroll** tax reports filed with the IRS (including 941, 940, state income and unemployment tax filing reports) for the entire year of 2019 and first quarter of 2020 (if available) should be presented. Additionally, for loan forgiveness you will need to submit this same documentation for the 8 weeks following the loan origination.
- 3.** Copies of **payroll** reports for each pay period for the preceding 12 months. Such reports should include gross wages including PTO (which might include vacation, sick, and other PTO). This includes payroll reports through the pay period preceding the origination of the SBA loan. Additionally, for loan forgiveness you will need to submit this same documentation for the 8 weeks following the loan origination.
- 4.** Documentation reflecting the **health insurance premiums** paid by the company under a group health plan including owners of the company for the immediately preceding 12 months prior to the date of the SBA loan origination. Copies of the monthly invoices should suffice. Additionally, for loan forgiveness you will need to submit this same documentation for the 8 weeks following the loan origination.
- 5.** Documentation of all **retirement plan funding** by the employer for the immediately preceding 12 months. Copies of work papers, schedules and remittances to the retirement plan administrator should be sufficient. Additionally, for loan forgiveness you will need to submit this same documentation for the 8 weeks following the loan origination.
- 6.** Copies of all **lease agreements** for real estate and tangible personal property should be presented along with proof of payment during the 8 week period following the loan origination date.
- 7.** Copies of all statement of **mortgage & loan interest paid on debt obligations** incurred prior to February 15, 2020 indicating payment amounts and proof of payment for the 8 week period following the loan origination date.
- 8.** Copies of cancelled checks, statements or other evidence of **utilities** paid prior to and during the "covered period" for the 8 week period following the loan origination date.
- 9.** Twelve month trailing profit and loss statement and current balance sheet.
- 10.** If you are not an existing Farmers Savings Bank loan customer we will need:

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- a. Legal Business Name
- b. Tax Identification Number (SSN, EIN)
- c. Articles of Organization
- d. Operating Agreement, By-Laws, Corporate Borrowing Resolution
- e. Copies of all signers Drivers Licenses

Once you have your application completed and compiled your supporting documentation, submit to lender!
